GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1459
ANSWERED ON:03.03.2000
NON-PLAN REVENUE
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has impressed the State Governments to make efforts to cautious non-plan revenue;

(b) if so, whether the Reserve Bank of India in a report named `Study of States Budget of 1999-2000` has proposed that reduction in the outstanding stock of public deposit should be initiated to correct the impact of the present fiscal regime;

(c) the other points mentioned in the report; and

(d) to what extent the union Government has asked the States to follow these directions?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE

SHRI BALASAHEB VIKHE PATIL

(a) to (c):The Reserve Bank of India as the debt manager and banker to State Governments have close interaction with State Governments on a regular basis. In their report on State Finances, A Study of Budgets of 1999-2000, the RBI have analyzed the structural imbalances in states finances in the context of the macro financial segment of the economy. The report brings out the need for structural changes in the area of expenditure management, resource enhancement and reduction in the outstanding stock of public debt. Report indicates that the States would have to make efforts to contain non-plan revenue expenditure and augment revenue through broadening tax base and cost recovery.

(d) The States are autonomous under the Constitution to take measures of their preference from time to time and also to act on the suggestions made in the RBI report on their own. However, in order to assist the States who have initiated reform measures aimed at fiscal correction, Government of India has provided Extended Ways & Means assistance to those States who have initiated acceptable and monitorable fiscal reform programmes.